

AMERICAN LEGISLATIVE EXCHANGE COUNCIL
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Prepared Statement on House Bill 239

of

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Introduction

My name is Christie Herrera and I am the director of the Health and Human Services Task Force at the American Legislative Exchange Council, or "ALEC." ALEC is the nation's largest nonpartisan individual membership association of state legislators, with 2,000 state legislator members from all 50 states and more than 100 members of Congress. Since 2005, 38 states have enacted model legislation drafted by ALEC's Health and Human Services Task Force.

ALEC Commends House Bill 239

House Bill 239 is modeled after ALEC's *Mandated Benefits Review Act* now enacted in 26 states. The bill requires that a proposed mandated health insurance benefit, mandated health insurance coverage, or mandated health insurance offering first be reviewed for financial impact and medical efficacy by the state department of insurance.

House Bill 239 would establish an institutional check on excessive health insurance mandates—which are politically attractive but fiscally disastrous.

Health insurance mandates are a classic case of concentrated benefits and diffuse costs. Politically-active interest groups—no matter how well-meaning—often steamroll new, self-serving health insurance mandates into existence because it's easier for them to organize than the general public. In fact, the Council for Affordable Health Insurance (CAHI) estimates that while mandates may make health insurance more comprehensive, they also raise the price of health insurance by 20-50%.

What's worse, Montana residents can't purchase health insurance without also purchasing all of the state's 38 mandates, whether or not they'll need them. Regular review of mandated benefits, as prescribed in House Bill 239, will help end this perverse political incentive for higher health insurance costs and overregulation.

House Bill 239 would lower the cost of health insurance in Montana and help reduce the number of Montana's uninsured.

Montana's 38 government-imposed health insurance mandates—which include mandates for "essential" medical services like acupuncture and naturopathy—rank Montana with the most mandates in comparison with border states Wyoming (37), North Dakota (34), South Dakota (29), and Idaho (13).

As CAHI points out, mandating benefits is like saying to someone in the market for a new car, "If you can't afford a Lexus loaded with options, you'll have to walk."

Additionally, Montanans can't purchase health insurance without purchasing all of the state-imposed mandates, whether or not they'll need them. House Bill 239 would help keep high-cost mandates out of Montana's health insurance policies, making health insurance more affordable for all Montanans.

An ancillary, but important, benefit of House Bill 239 is that it will help to solve the problem of the uninsured. Increasing numbers of Montana's uninsured don't choose to purchase coverage because it just isn't a good "deal" for them. Many of Montana's uninsured are between the ages of 18 and 29—what we call the young and healthy "invincible" population. And some Montanans have incomes in excess of 400% of the federal poverty level—that's a family of four earning \$88,200—but still don't have coverage.

Montana's diverse uninsured population needs access to basic health insurance policies—like those promoted by House Bill 239—that encourage them to purchase coverage, join the insurance pool, and lower prices for everyone.

Conclusion

ALEC applauds House Bill 239 because all Montanans deserve access to low-mandate, low-cost, quality health insurance. We look forward to working with the Montana Legislature in the weeks ahead to develop this proposal. I would be pleased to answer any questions you might have at 202-742-8505 or christie@alec.org.